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TAGS: [ECON](#) [ECPS](#) [EAIR](#) [ELTN](#) [EWWT](#) [PGOV](#) [USTR](#) [MX](#)  
SUBJECT: COMMUNICATIONS AND TRANSPORTATION SECRETARY TELLEZ  
OUT; CEDES PLACE TO PAN LOYALIST

¶1. (SBU) SUMMARY: Scandal has overtaken Secretary of Communications and Transportation Luis Tellez Kuenzler. In a 3 March press conference, President Felipe Calderon accepted Tellez's resignation and named loyalist Juan Molinar Horcasitas to succeed him. Tellez, who oversaw the heavyweight ministry responsible for telecom, transportation, and infrastructure, resigns amid an uproar raised by the release of secretly-recorded telephone conversations in which he attacks politicians and a former President. For President Calderon, the change dampens political attacks and elevates an ally. Months before July midterm legislative elections, Tellez's departure means more churn at a Secretariat of Communications and Transportation (SCT) struggling to advance telecom reform, execute a national infrastructure plan as part of countercyclical spending, and defend a cross border trucking demonstration project with the United States, currently at risk in the U.S. Congress. END SUMMARY.

SCANDAL  
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¶2. (SBU) Audio recordings that came to light in January and February have laid Tellez low. The first set of tapes revealed Tellez fighting dirty for primacy with the semi-independent SCT component Federal Telecommunications Commission (Cofetel). In the recordings, Tellez instructs subordinates to claim that Tellez's dictates to the "(expletive) traitors" at Cofetel were in fact orders from President Calderon. In a second, separate recording surreptitiously captured on the answering machine of Tellez's alleged former mistress, Tellez asserts former President (and Tellez patron) Carlos Salinas drank deeply and illegally from a now-defunct presidential slush fund -- a common claim, if less so from one-time members of the Salinas government. The less-than-gravely-damning nature of the recordings has led to speculation that additional recordings exist, and that the specter of their release sped Tellez's exit. Former SCT Under Secretary for Communications Purificacion Carpinteyro, forced out by Tellez in January, is under investigation for leaking the first set of tapes. Since stepping down, she has taken to the airwaves to denounce Tellez, contributing to his demise. Carpinteyro, a former corporate lawyer, says she may now run for Congress under the left-of-center Partido de la Revolucion Democratica (PRD) banner.

DAMAGE CONTROL AT LOS PINOS  
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¶3. (SBU) As political opponents circled, midterm elections approached, and key infrastructure projects slated to jump start economic recovery stalled, Calderon acted to put an end

to this distraction. Tellez's own Partido Revolucionario Institucional (PRI), irritated by his Salinas comments and positioning itself for mid-term elections, did little to defend their man. The PRI is now belatedly criticizing the President's choice of Molinar. Calderon has said Tellez, with a doctorate in economics from MIT, will stay on as a presidential advisor on economics. From this perch, he may continue to influence policy at his former fiefdom.

#### THE NEW MAN AT THE HELM

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14. (SBU) Incoming Secretary Molinar is a Calderon loyalist, campaign advisor, former Partido Accion Nacional (PAN) spokesperson and former PAN deputy in the Camara de Diputados. He earned a reputation as a tough negotiator during his days in Congress. Chihuahua-born and University of California-educated (UCSD), he has little background in SCT's principal areas of work -- telecom, transportation, and infrastructure. Until the changeup, he headed the national social security agency (IMSS). Though the IMSS won a recent GOM award as Mexico's least customer-friendly bureaucracy, reviews of Molinar's accomplishments there are favorable. Molinar's selection continues Calderon's move toward re-stocking his administration with close allies.

#### FULL PLATE -- AND VESTED INTERESTS -- AT SCT

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15. (SBU) Tellez's critics painted him as a barrier to telecom reform and lamented the slow buildout of infrastructure projects during his tenure. (In February, bidding on a major

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Pacific coast highway construction package failed to meet a minimum price threshold, forcing SCT to declare it deserted.)

That Molinar's experience is primarily political may be a recognition that, for the many technical issues within SCT's domain, vested interests opposed to reform are stubbornly political in nature. The Calderon administration has made infrastructure spending the fiscal heart of its efforts in the face of the economic slowdown. In initial comments to the media, Molinar said he would focus on executing budgets for highway, seaport, and airport projects under the national infrastructure plan and hinted at SCT staff changes. He predicted tensions between SCT and Cofetel would ease. Industry and commentariat have reacted cautiously but are generally upbeat. Business columnist Maricarmen Cortes notes Molinar has no enemies at Cofetel or among the telecom companies that often overshadow GOM regulators. Consultant Ernesto Piedras sees slow early going but hopes Molinar will bring stability and presidential sanction to the reform agenda over the remainder of Calderon's term. Cabinet appointees do not face Senate confirmation in Mexico, and SCT directors expect their new chief to be in place this week. Visit Mexico City's Classified Web Site at <http://www.state.sgov.gov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap/> / BASSETT